PETRONAS SUPPLIER AWARD PROGRAM EVALUATION CRITERIA

Explanation of evaluation criteria for our supplier award program, including criteria, measurement, weighting, etc.

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Methodology development

Development of the Supplier Evaluation Criteria and the Supplier’s Score Calculation

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Supplier Evaluation Criteria

Pillars of supplier evaluation

The evaluation of suppliers participating in the Supplier Award Program will be based on four pillars that present their respective weights in the calculation of the final score:

30%

PERFORMANCE*

25%

COMERCIAL

30%

SUSTAINABILITY

15%

FIELD AUDIT

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Supplier Evaluation Criteria – Performance: SPM

Supplier Performance Monitoring

The SPM is an existing Petronas assessment to monitor the quality of the supplier's supply of materials and products.

The evaluation criteria adopted in this pillar comply with the requirements of ISO 9001:2015 and IATF 16.949:2016. They are shown in the next slide with their respective weights in the calculation.

Based on the results obtained from the Supplier Performance Monitoring, suppliers are classified into different groups. The description, status, and minimum score to reach each group are shown in Annex I.

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Supplier Evaluation Criteria – Performance: SPM

Evaluation Criteria Used

Topic	Criterion	Weight
Delivery	On Time in Full (OTIF) – Por Item	20%
	On Time in Full (OTIF) – Por Volume	20%
Quality	Delivered product conformity - Batch per delivery	20%
	Line stoppage due to supplier fault at PLI. No incident is allowed (Base on CAR log)	10%
	Field Return - Product return from Customer / Consumer due to Supplier Quality issue No incident is allowed (Base on CAR log)	5%
	Number of Occurrence of Premium freight due to supplier fault No incident is allowed (Base on CAR log)	5%
Service	Responsiveness towards PLI complaint / VAR response on time (include the data quality accepted to PLI)	10%
HSSE	HSSE performance (As per PLI Contractor's HSE Management Procedure)	10%

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Supplier Evaluation Criteria – Performance: SPM

Calculation of the supplier's final SPM score

The supplier's final score in this pillar is given by the average of its results achieved throughout the year since the SPM occurs. Below is shown the formula used to calculate the final score of the supplier's SPM criterion.

$$SPM'S\ final\ score = \frac{\sum_{1}^{12} SPM's\ monthly\ score}{12}$$

$$SPM'S\ final\ score = \frac{jan + feb + mar + apr + may + jun + jul + aug + sep + oct + nov + dec}{12}$$

As a result, the supplier's performance evaluation is carried out continuously throughout the year and the final score in this criterion is calculated at the end of the evaluation year. Thus, both the monthly and the final annual scores have an evaluation scale between 0 and 100, with 0 being the minimum grade and 100 being the maximum grade established.

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Supplier Evaluation Criteria – Commercial

Evaluation Criteria Used

The criteria considered in the evaluation are presented with their respective weights below. The commercial evaluation scale of suppliers ranges from 0 to 100, with 0 being the minimum and 100 the maximum score. The parameters defined for each criterion of the commercial evaluation form are presented in Annex II.

Topic	Criterion	Weight
Cost	Agreeing with payment terms	10%
	Price readjustment	17,5%
	Price breakdown	2,5%
	Competitiveness in the market	10%
	Cost reduction proposals	10%
General	Accepting and sending documents	21%
	Legal requirements	9%
Relationship	Agility	12%
	Communication and follow up	8%

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Supplier Evaluation Criteria – Sustainability

Sustainability ESG Report

The sustainability pillar used in the Petronas Supplier Award Program will be done by filling out a form by the supplier.

Based on the answers and analysis of documents that must be attached to the form to prove some points, the responsible team will carry out the evaluation of the supplier, giving it a score between 0 and 100, with 0 being the minimum score and 100 being the maximum.

The questions in the form to be filled in will be defined by PETRONAS, in order to analyze the supplier's sustainability point both in relation to the environment and the business, will be applied ESG analysis parameters. The weights of each criterion adopted in the ESG analysis, as well as response parameters will also be defined by PETRONAS.

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Supplier Evaluation Criteria – Field Audit

Field Audit

The pillar referring to field audits will take place throughout the current year and will be carried out by the internal responsible for each audit, as suppliers are subject to audits according to their category.

The criteria adopted, as well as their weights and dates of occurrence, are unique for each audit according to the category of suppliers evaluated. The frequency of audits varies according to each category (which can be quarterly to biannual), and the score in this pillar will be given by the result obtained by the supplier in the most recent audit close to the evaluation deadline, that is, at the end of the current year.

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Supplier Evaluation Criteria – Field Audit

Audits by supplier category

The audit of which each supplier category is submitted is shown below.

Audit	Category
VDA 6.3	Additives
	Base Oil
	Packaging
PIAQA	Additives and/or Toll Blender

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Supplier Evaluation Criteria – Field Audit

Audits by supplier category

Based on the ranking / category achieved by the supplier according to the score obtained as a result of the audit, its score in the field audit pillar is established in accordance with the relation presented below.

Audit	Ranking / Category	Score
VDA 6.3	A	100
	B	75
	C	50
PIAQA	Platinum	100
	Diamond	80
	Gold	60
	Silver	50

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Supplier's Final Score

Classification of suppliers according to the final score

After calculating the supplier's final score in the Petronas Supplier Award Program, the supplier can be classified into 5 classes depending on the score achieved. The classes, along with their score range and descriptions, are presented below.

Final Score	Ranking	Status	Description
> 90	Diamond	Preferred Supplier	Exceptional supply / service
80 ~ 90	Platinum	Good Supplier	Exceeds requirements
70 ~ 80	Gold	Acceptable Supplier	Meets expectations
50 ~ 70	Silver	Conditionally Acceptable Supplier	Needs improvement
< 50	Bronze	Poor / Unacceptable Supplier	Not Recommended Supplier

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Supplier's Final Score

Award

After the final scores are consolidated, the three best suppliers in each category, that is, those with the highest final score in the program, will be invited to participate in the annual workshop promoted by Petronas to award the Supplier Award Program, which should take place between January and February of the year following the evaluation, where they will be recognized as outstanding suppliers.

The supplier with the best overall score in each category will be recognized as the best supplier in its category during the annual supplier workshop.

The award of suppliers is subject to the following rules.

- Suppliers with a minimum score in any pillar are subject to be disqualified and cannot be awarded.
- Suppliers with a final score lower than 50 are subject to be disqualified and cannot be awarded.

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Supplier's Final Score

Award

- In the event of a tie, the tie-breaking criteria adopted are, in this order: performance, sustainability, commercial and field audits.
- In case there are no suppliers eligible to be awarded, the category may have a reduced or null number of awarded suppliers.
- Suppliers ranked as Silver or Bronze must have an alignment meeting with the Petronas team to understand the points for improvement needed.
- These regulations apply to the PLB organization and may be modified at any time without notice.
- Participation and awards in this program do not guarantee the supplier special benefits in the commercial relationship and/or with/in any other department of PLB.

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Thank you for your passion!

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Annex I – Supplier Evaluation Criteria – Performance: SPM

Classification of suppliers according to SPM score

Based on the results obtained from the Supplier Performance Monitoring, suppliers are classified into different groups. The description, status and minimum score to reach each group is shown below.

Overall score	Group	Status	Description
90 ~ 100	Class A	Approved	Suppliers are considered as "Preferred". Future business proposals will be prioritized for this group of suppliers.
80 ~ 90	Class B	Conditionally approved	Supplier performance, while below expectations, is not causing a significant disruption in business. Supplier performance has some shortcomings and immediate improvement work is required.
< 80	Class C	Unacceptable	Supplier performance presents major deficiencies that significantly affect PETRONAS's business. Requires immediate corrective actions to raise performance to acceptable levels.

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Annex II – Supplier Evaluation Criteria – Commercial

Parameters of each criterion of the commercial evaluation form

CRITÉRIO: CUSTO / FINANCEIRO				
Pergunta	**Descrição**	**Peso**	**Resposta**	**Nota**
Concordância com prazos de pagamento	Fornecedor está de acordo com os prazos de pagamento estipulados pela Petronas	10%	Muito insatisfeito: pagamento à vista ou prazos menores que 15 ddl.	0
			Insatisfeito: pagamento em prazos menores que 30 ddl.	25
			Satisfeito: pagamento em prazos maiores que 30 ddl.	50
			Muito satisfeito: pagamento em prazos maiores que 45 ddl.	100
Reajuste nos preços	Capacidade do fornecedor em administrar inflação e aumentos de preços no geral	17,5%	Insatisfeito: fornecedor propõe reajuste de preços antes do previsto/acertado	0
			Satisfeito: fornecedor reajusta o preço conforme previsto/acertado	50
			Muito satisfeito: fornecedor negocia e/ou posterga reajuste de preços	100

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CRITÉRIO: CUSTO / FINANCEIRO				
Pergunta	**Descrição**	**Peso**	**Resposta**	**Nota**
Abertura de preços	Disponibilização/apresentação da estrutura aberta dos preços praticados	2,5%	Insatisfeito: fornecedor não apresenta estrutura aberta dos preços dos itens/serviços	0
			Satisfeito: fornecedor apresenta estrutura aberta dos preços de alguns itens/serviços	50
			Muito satisfeito: fornecedor apresenta estrutura aberta dos preços de todos os itens/serviços	100
Competitividade no mercado	Competitividade dos preços praticados pelo fornecedor em comparação ao mercado	10%	Insatisfeito: fornecedor apresenta preço superior à média/avaliação de mercado	0
			Satisfeito: fornecedor apresenta preço próximo ou igual à média/avaliação de mercado (margem de 10%)	50
			Muito satisfeito: fornecedor apresenta preço inferior à média/avaliação de mercado	100

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Annex II – Supplier Evaluation Criteria – Commercial

Parameters of each criterion of the commercial evaluation form

CRITÉRIO: CUSTO / FINANCEIRO				
Pergunta	**Descrição**	**Peso**	**Resposta**	**Nota**
Propostas de redução de custos	Habilidade do fornecedor em apresentar propostas de redução de custos efetivas com aplicação de novas tecnologias ou novos processos (manufatura, logística, ganhos de produtividade etc.)	10%	Insatisfeito: fornecedor não apresenta propostas de redução de custos	0
			Satisfeito: fornecedor apresenta propostas de redução de custos que impactam em até 10% do valor	50
			Muito satisfeito: fornecedor apresenta propostas de redução de custos que impactam em mais de 10% do valor	100

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Annex II – Supplier Evaluation Criteria – Commercial

Parameters of each criterion of the commercial evaluation form

CRITÉRIO: GERAL				
Pergunta	**Descrição**	**Peso**	**Resposta**	**Nota**
Aceite e envio de documentos	Aceite e envio de documentos (via Nimbi e/ou e-mail) necessários e/ou solicitados pela Petronas em prazo	21%	Muito insatisfeito: fornecedor aceita/envia documentos com longo atraso	0
			Insatisfeito: fornecedor aceita/envia documentos com atraso "aceitável" e justificado	25
			Satisfeito: fornecedor aceita/envia documentos dentro do prazo estipulado	50
			Muito satisfeito: fornecedor aceita/envia documentos com grande antecedência	100
Requisitos legais	Concordância com todos os requisitos legais necessários para o tipo de fornecimento / serviço	9%	Insatisfeito: fornecedor não está de acordo com todos requisitos e documentações legais	0
			Satisfeito: fornecedor está de acordo com todos requisitos e documentações legais	100

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Annex II – Supplier Evaluation Criteria – Commercial

Parameters of each criterion of the commercial evaluation form

CRITÉRIO: RELACIONAMENTO				
Pergunta	**Descrição**	**Peso**	**Resposta**	**Nota**
Agilidade no processo	Tempo de resposta, agilidade e consistência em atender demandas e questionamentos da Petronas	12%	Muito insatisfeito: fornecedor demora além do usual para atender as demandas	0
			Insatisfeito: fornecedor apresenta um "atraso razoável e justificável"	50
			Satisfeito: fornecedor possui agilidade ao atender as demandas	100
Atendimento e comunicação	Excelência no atendimento e comunicação (proatividade da empresa nas comunicações em geral, follow-up, avisos com antecedência, presença e participação em reuniões etc.)	8%	Muito insatisfeito: fornecedor não mantém comunicação durante e após todo o processo	0
			Insatisfeito: fornecedor não antecipa avisos e não participa das reuniões propostas	50
			Satisfeito: fornecedor antecipa avisos e participa de todas as reuniões propostas	100

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